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County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

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Fifth District

June 13, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

RESPONSE TO BOARD ITEM NO. 73

At the Board of Supervisor's meeting on June 4, 2008, your Board requested that the Chief Executive Office report back in two weeks on issues surrounding the In-Home Supportive Services (IHSS) program in the Department of Public Social Services. My Office was specifically asked to report on the communication process between the County and the Personal Assistance Services Council (PASC), the employer of record for IHSS providers. In addition, your Board requested information on the Governor's proposal to reduce the State's participation in IHSS to the minimum wage.

In response to this and other requests for information, my Office has prepared the attached IHSS fact sheet which gives an overview of the program, the cost increases, funding, the Governor's proposal, and additional issues.

If you have any questions please contact me, or your staff may contact James Blunt at (213) 893-2291.

WTF:SRH:MS
GP:JB:cvb

Attachment

73.bm

In Home Supportive Services

Fact Sheet

Background

The Department of Public Social Services' (DPSS) In Home Supportive Services (IHSS) program provides supportive services to the aged, blind and disabled who are unable to perform all of the personal and household services needed to maintain independent living and who cannot remain safely in their own homes unless such services are provided.

Issue

IHSS is a rapidly growing program requiring an increasing amount of funding. Factors contributing to the growth of the program are caseload increases, increases in the hours per case and provider wage increases. The providers' union, SEIU Local 6434, is currently negotiating wages and the agency fee agreement. The union has also expressed interest in taking over the administration of the IHSS provider Health Care Plan whose current provider is the Community Health Plan (CHP), in the Department of Health Services' (DHS) Office of Managed Care.

This fact sheet provides information regarding IHSS providers, costs and funding, as well as the Governor's 2008-09 Budget proposals. It also provides information about the Health Care Plan, State Sales Tax Realignment revenue and the union's proposal for wage increases.

What is the role of the Personal Assistance Services Council?

IHSS providers are not County employees. Each IHSS consumer hires the provider of their choice and therefore, each IHSS consumer is the employer of his/her own IHSS provider. In 1997, the Board approved the formation of the Personal Assistance Services Council (PASC). The PASC meets the requirements of an IHSS public authority and is the IHSS employer of record for the County. Subsequently, in 1999 the State mandated that each County have an employer of record for IHSS providers.

As the employer of record for the County's IHSS providers, the PASC negotiates with the providers' union and administers the PASC-SEIU Homecare Workers Health Care Plan for IHSS providers. In addition, the PASC has formed a registry of IHSS providers that consumers may choose from. IHSS consumers are then able to select a provider from the PASC registry or from the community. Sixty-seven percent of IHSS consumers select a family member as their IHSS provider. PASC communicates regularly with the CEO, providing ongoing status updates on union negotiations.

Costs

IHSS provider timecards are processed by DPSS clerks and the information is transferred to the State payroll system. The State pays the providers, then claims the federal revenue and bills the counties. The County does not directly receive the federal or State revenue, so the IHSS budget only reflects the County's share of costs for the program, which is approximately 17.7 percent of the total cost.

The 2008-09 Proposed Budget reflects the County's share of the IHSS provider wages as \$317.5 million. This amount is currently being reevaluated, as there have been additional increases in the program through the end of the fiscal year, and may be increased during the Supplemental budget phase.

In the past ten fiscal years, from 1997-98 through 2006-07, IHSS costs have tripled from \$89.4 million to \$268.5 million.

Why are costs increasing?

Caseload

In 1993, IHSS became part of the Medi-Cal program and began receiving a federal share of costs. The federal share is currently 50 percent of total cost. However, when IHSS became part of Medi-Cal, it also became an entitlement program, thus eliminating the ability to control the caseload.

Wage Increases

In addition, the State's employer of record mandate had a direct impact on provider wages. In a 2002 report, the California State Association of Counties (CSAC) drew a direct correlation between the establishment of public authorities and increasing provider wages, stating that this gave providers new opportunities to collectively bargain.

In the ten years beginning July 1997, the IHSS wage has increased by 80 percent. Two wage increases were due to increases in the State minimum wage. However there have been six negotiated wage increases for IHSS providers as follows:

\$6.25 effective September 1999
\$6.75 effective November 2000
\$7.50 effective November 2002
\$8.10 effective November 2004
\$8.45 effective November 2005
\$9.00 effective April 2007

The State's minimum wage is currently \$8.00 per hour and the County's IHSS wage is \$9.00 per hour. The net County cost (NCC) associated with the portion of the County's IHSS wage above minimum wage, is \$34.8 million.

Hours per Case

There has also been a steady increase in the hours per case per month. When a person applies for IHSS, a DPSS social worker interviews the applicant in his/her home to assess the person's needs. The social worker uses a schedule prepared by the State, which serves as a guideline to assess how many hours of IHSS services the applicant should receive. In the majority of cases, the social worker follows these guidelines. However, if a social worker believes a different number of hours should be granted, they must document the reasons for their assessment in writing.

Some consumers use the IHSS program for a limited period of time, due to a short-term disability or during rehabilitation from a serious injury. However, the majority of IHSS consumers are either aged or have a permanent disability. These consumers often need progressively more care as time passes.

Cumulative Effect

From 1997-98 through 2006-07, the IHSS caseload almost doubled, increasing by 98.3 percent, from 82,196 cases to 162,989 cases. In the same ten year period, the number of hours per case rose 19.9 percent, from 68.5 hours per case to 82.1 hours per case. As of April 2008, the caseload was 171,666 cases and the hours per case were 83.2 hours per case.

As previously stated, the County's costs more than tripled during this ten year period, from \$89.4 million to \$268.5 million, due to the compounding effect of increasing caseloads, hours per case and wages. The current estimate for 2007-08 is \$295.0 million, and as stated above, the Proposed Budget for 2008-09 is \$317.5 million and is subject to increase.

Sales Tax Realignment Revenue

In 1991, the State increased county responsibility for several programs, including IHSS. To fund these programs, the State established a one-half cent sales tax as a dedicated funding stream commonly referred to as Realignment revenue. The County's 2008-09 Proposed Budget reflects \$878.5 million of Sales Tax Realignment revenue divided into three accounts; health services (\$131.3 million), mental health (\$257.4 million) and social services (\$489.8 million). Funding from the social services account is distributed at the County's discretion towards specific social services programs in the DPSS and DCFS budgets. In the 2008-09 Proposed Budget, the social services Realignment revenue was allocated to the IHSS (\$254.8 million), Foster Care (\$154.8 million), Adoptions (\$24.8 million), CalWORKs (\$10.2 million) and Seriously Emotionally Disturbed Children (\$8.0 million) programs and DCFS Administration (\$37.1 million).

SEIU Local 6434 has often argued that IHSS wage increases have no impact on the County, because IHSS is completely subvented by Realignment revenue. This statement is not true. In the past ten years, from 1997-98 through 2006-07, the State's sales tax collections have increased 56 percent. During the same period, the County's Realignment collections for social services increased 85 percent, representing a shift of funds from other counties. However, as stated above, in the last ten years, the County's IHSS costs have tripled.

In 1997-98, the County allocated 7.1 percent of the social services Realignment revenue to IHSS. In the 2008-09 Proposed Budget, 52.0 percent of the social services Realignment revenue is allocated to the IHSS budget, and yet the program will still have NCC of \$62.8 million, not including the provider Health Care Plan.

In its 2002 report, CSAC reported:

As caseload continues to grow in the realigned programs and Realignment funding does not keep pace, counties will have insufficient funding for these programs. It is conceivable that in the future, IHSS costs could consume the funding for other realigned programs.

and

IHSS is creating significant cost pressures within Realignment. It appears that Realignment will have difficulty keeping pace with the dramatic cost growth in the IHSS program. The extraordinary growth threatens the array of safety net services in health, mental health and social services arenas. It is no longer a question if IHSS costs will devour funds for other entitlement programs within Realignment, but a question of when – and when will it devour the health and mental health programs, too.

Therefore, during this period of economic uncertainty and especially because this revenue is derived from the State sales tax, it would not be prudent to increase the IHSS wage with the expectation that Realignment revenue will be sufficient to cover the resulting cost increase.

Union proposal

SEIU Local 6434 proposes a \$2.50 wage increase over three years, comprised of a \$1.00 increase the first year, and a \$0.75 increase each of the following two years. Assuming the currently projected 2008-09 caseload and hours per case, the \$1.00 increase would cost the County an additional \$34.8 million annually and the \$0.75 increases would each cost an additional \$26.1 million per year. Therefore, after the third year, the total additional ongoing cost to the County would be \$86.9 million.

Health Care Plan

In April 2002, the PASC-SEIU Homecare Workers Health Care Plan was implemented to provide health care services to IHSS providers. Providers who work 80 hours or more in two consecutive months are eligible for the plan. The PASC administers the plan, and sends an enrollment package to providers as they become eligible. Through January 2008, 80,243 IHSS providers (59 percent) were *eligible* for the Plan. It is projected that 32,817 total providers will be enrolled in the plan in 2008-09 at a cost of \$102 million.

DHS manages the Community Health Plan (CHP), a publicly operated Knox-Keene licensed health care plan and federally-qualified Health Maintenance Operation. CHP currently provides health care coverage for several plans and programs, including the PASC-SEIU Homecare Workers Health Care Plan for IHSS providers.

The County is able to provide this service to the IHSS providers due to the revenue stream it provides to DHS for the health plan benefits. DPSS pays \$102 million to DHS for the Health Care Plan. DPSS then claims this amount and receives 82.3 percent in State and federal revenue. The remaining 17.7 percent is NCC. DHS transfers the NCC to DPSS, to cover the County's share of costs. The Plan is financially viable because the revenue the County receives allows DHS to cover their costs for the program. If the union were to administer the plan and select a non-County provider, the plan would become much more costly for the County, because the cost would not be a reimbursable cost to DHS and would affect the County General Fund.

Governor's 2008-09 Budget Proposals

The Governor's Proposed Budget and May Revision contain three proposals that would impact IHSS:

Reduced State participation in wages

The Governor's Proposed Budget proposes to reduce the State's participation in IHSS wages, to the minimum wage of \$8.00 plus \$0.60 for benefits. Currently, the State participates in the combination of IHSS wages and benefits up to \$12.10 per hour. The County is paying a wage of \$9.00 per hour with benefits of \$0.55 per hour.

Should the Governor's proposal be enacted, based on the County's agreement with the PASC and the PASC's agreement with the union, the County's IHSS wage would be automatically reduced to minimum wage. This reduction would result in NCC savings of \$34.8 million. Fully restoring the wage to the current level of \$9.00 per hour would cost the County \$64.8 million.

Reduced services

The May Revision proposes to eliminate domestic and related services for high functioning IHSS consumers which would result in the loss of domestic and related services for approximately 35,000 IHSS consumers in Los Angeles County and an estimated net County cost savings of \$10.4 million.

Reduced IHSS administration funding

The Governor's Budget proposes to reduce IHSS county administrative funding ten percent which would result in an estimated County loss of \$7.6 million.

The Senate and Assembly budget committees rejected the Governor's proposals to reduce State participation in IHSS provider wages and IHSS services. The Senate Budget Committee rejected the proposed reduction to county administration funding. The Assembly Budget Committee adopted the Governor's proposal to reduce county administrative funding and added budget trailer bill language to suspend the county requirement to conduct IHSS focused eligibility reviews. This issue will be heard in the Budget Conference Committee.



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Chief Executive Officer

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MICHAEL D. ANTONOVICH
Fifth District

July 15, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina, First District
Supervisor Zev Yaroslavsky, Third District
Supervisor Don Knabe, Fourth District
Supervisor Michael D. Antonovich, Fifth District

From: William T. Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. Fujioka", is written over the printed name and title.

REPORT ON UNION DUES AND AGENCY FEES – SEIU LOCAL 6434 AND PERSONAL ASSISTANCE SERVICES COUNCIL OF LOS ANGELES COUNTY (LA HOME HEALTH CARE PROVIDERS)

At the Board of Supervisor's meeting on June 17, 2008, your Board requested that the Chief Executive Officer (CEO) provide a report, working in collaboration with the Personal Assistance Services Counsel (PASC) the employer of record for In-Home Supportive Services (IHSS) providers, on additional information regarding SEIU Local 6434's (Union) bargaining proposal to charge full dues and an assessment to all IHSS providers.

Union members pay \$30.66 in Union dues per month, plus a Union assessment of \$4.50 per month. The agreement between PASC–SEIU expressly provides that IHSS providers, who are non-members of the Union, shall pay an agency fee of \$0.21 per hour worked (until enough hours are worked to pay an amount equivalent to full dues) and are not subject to assessments. However, the Union has proposed that all providers pay the full amount of \$30.66, unless a provider works 20 hours or less. Based on the current agency fee arrangement, a non-member must work 146 hours before they pay this full fee amount. In addition, the Union proposes the assessment of \$4.50 to all providers, for a total of \$35.16 in Union charges per month. The current agreement between the PASC–SEIU states that agency fee payers are not subject to any initiation fees or assessments.

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Based on your Board's request, CEO staff worked with the PASC to estimate the impact of the Union's proposal. It must be noted, that much of this data was extrapolated from the State's Case Management Information and Payrolling System (CMIPS). The Union does not share the detail of their deductions from each provider. However, CMIPS provides enough information for my staff to develop this reasonable estimate.

The analysis revealed that approximately 32 percent of the 136,000 IHSS providers pay full dues, either because they are Union members, or because they work in excess of 146 hours per month. Approximately 67 percent of providers pay less than full dues at the agency fee rate of \$0.21 per hour worked, and one percent of providers work less than 20 hours per month, and therefore, do not pay any fees. The Union currently collects approximately \$1.5 million per month in agency fees and \$1.4 million per month in Union dues. Under the Union's proposal, the amount collected from those currently paying agency fees and working part-time assignments, would more than double, increasing by \$1.6 million, to over \$3.1 million.

The analysis also revealed that the providers paying agency fees work an average of 80 hours per month. The Union's proposal would result in an additional \$0.23 per hour cost for the average provider. Therefore, if the providers received a \$0.25 per hour increase, the average worker would take home \$0.02 per hour.

Finally, the analysis provides the number of additional hours a provider would have to work, or the amount of a wage increase a provider would need, to fully offset the Union's proposal. For example, a provider working 20 to 30 hours per month would need to work 3.3 additional hours, or receive a wage increase of \$1.20 per hour, to offset the Union's proposal. A provider working 100 to 110 hours per month would need to work 1.5 additional hours, or receive a wage increase of \$0.12 per hour, to offset the proposal, etc. Attached for your Board's review are charts displaying a variety of scenarios and information regarding the impact of the Union's proposal.

On a similar note, we were recently contacted on Thursday, July 10, 2008, by PASC regarding bargaining issues with SEIU Local 6434. We met with the Executive Director of PASC, and their private counsel, on Friday, July 11, 2008. The Executive Director of PASC and counsel reported that although the parties continue to bargain, the Union has imposed a \$4.50 assessment on providers. PASC and the Department of Public Social Services have received complaints from providers that their dues deductions in some cases have doubled. This supports PASC's belief that SEIU Local 6434 may have recently increased agency fee deductions, or imposed other assessments on employees in the bargaining unit. We will have more definitive information on this matter at the end of July when payroll records are reviewed.

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As stated above, the MOU contains a low-wage earner "cents per hour protection provision", which provides for a reduced agency fee due structure for low wage earnings and providers who work a minimum number of hours. Apparently, this provision may have been unilaterally negated, and an across-the-board agency fee of \$35.16 per month (includes unilaterally imposed \$4.50 assessment) may have been assessed on all providers. The Union transmits payroll deductions directly to the State Controller's Office, which inputs the deductions for each provider, without review. Neither PASC nor the County has a role in this process.

In addition, PASC's private counsel and their Executive Director reported that SEIU 6434 has attempted to use Government Code Section 3502 (a) and (b) to request an election for a new agency shop provision with increased dues for all bargaining unit members. PASC counsel reported that an Attorney General opinion was provided to SEIU Local 6434 which shows that this provision is not applicable because the PASC and SEIU Local 6434's bargaining contract already contains an expressed agency shop provision. This provision states that it will remain in force and effect until the parties reach agreement on an amended agency fee clause. Several technical and legal arguments have been raised by PASC and representatives of SEIU Local 6434 regarding this situation. We will continue to work with PASC and provide your Board with additional information regarding this issue as necessary.

If you have any questions or concerns, please feel free to contact me, or your staff may call Jim Adams at (213) 974-2404, or James Blunt at (213) 893-1291 of my staff.

WTF:SRH:MS
GP:JB:cvb

Attachment

c: County Counsel
Department of Public Social Services
Personal Assistance Services Council

**IN-HOME SUPPORTIVE SERVICES
ADDITIONAL REVENUE TO UNION**

**Analysis of Current \$0.21 per hour Agency Fees vs. Union Proposal to Eliminate 'Cents per Hour' Limits, and to add Union Assessment
Data extrapolated from the State Case Management Information and Payrolling System (CMIPS)**

Information

Union Dues	\$30.66 per month	Total Providers (as of February 2008)	136,282
Agency Fee Rate (for non-union members)	\$0.21 per hour, up to \$30.66 per month	Providers Paying Full Dues (est 02/08)	44,155
Hours worked to pay full dues (based on Agency Fee Rate)	146 hours per month	Providers Paying Agency Fees (est 02/08) (w/ under 146 hours)	92,127

Union Assessment - column (e) below \$4.50 per month

(the Union began imposing this assessment on all Providers in September 2007. The PASC is challenging the Union's authority to levy this assessment, based on the PASC / SEIU agreement. The union collects approximately \$408,000 per month from non-member agency fee providers and \$199,000 from providers paying full dues, as reflected below.)

Est: Non-Members Paying Agency Fees	(a)	(b)	(c)	(d)	(e)		(f)	(g)	(h)		
	Monthly Hours Worked	Providers Paying Less than Full Agency Fees	Estimated Hours	Agency Fees and Union Dues*	Union Increases		Full Dues all Providers	Total Increases	% Increase		
					\$4.50 Union Assessment						
				(c) * \$0.21	(b) * \$4.50	(b) * \$30.66	(e)+(f)-(d)	(g) / (d)			
	0 to 10	240	1,202	\$ -		\$ -	\$ -	-	-%		
	10.1 to 20	1,185	17,768	\$ -		\$ -	\$ -	-	-%		
	20.1 to 30	3,043	76,067	\$ 15,974.15	\$ 13,692.13	\$ 93,289.03	\$ 91,007.01	570%			
	30.1 to 40	5,398	188,914	\$ 39,671.99	\$ 24,288.97	\$ 165,488.86	\$ 150,105.84	378%			
	40.1 to 50	7,329	329,813	\$ 69,260.76	\$ 32,981.31	\$ 224,712.68	\$ 188,433.23	272%			
	50.1 to 60	9,119	501,540	\$ 105,323.33	\$ 41,035.06	\$ 279,585.57	\$ 215,297.30	204%			
	60.1 to 70	10,505	682,853	\$ 143,399.22	\$ 47,274.47	\$ 322,096.70	\$ 225,971.95	158%			
	70.1 to 80	10,286	771,442	\$ 162,002.86	\$ 46,286.53	\$ 315,365.56	\$ 199,649.23	123%			
	80.1 to 90	10,595	900,554	\$ 189,116.40	\$ 47,676.40	\$ 324,835.23	\$ 183,395.23	97%			
	90.1 to 100	9,174	871,530	\$ 183,021.24	\$ 41,282.99	\$ 281,274.75	\$ 139,536.50	76%			
	100.1 to 110	7,463	783,588	\$ 164,553.46	\$ 33,582.34	\$ 228,807.67	\$ 97,836.55	59%			
	110.1 to 120	6,258	719,691	\$ 151,135.18	\$ 28,161.83	\$ 191,875.96	\$ 68,902.62	46%			
	120.1 to 130	5,074	634,208	\$ 133,183.65	\$ 22,831.48	\$ 155,558.50	\$ 45,206.34	34%			
	130.1 to 140	4,274	576,985	\$ 121,166.88	\$ 19,232.84	\$ 131,039.74	\$ 29,105.70	24%			
	140.1 to 146	2,185	316,786	\$ 66,525.04	\$ 9,831.29	\$ 66,983.83	\$ 10,290.08	15%			
		92,127	7,372,942	\$ 1,544,334.15	\$ 408,157.65	\$ 2,780,914.09	\$ 1,644,737.59	107%			
	Full Dues / Fees **	44,155	n/a	\$ 1,353,792.30	\$ 198,697.50	\$ 1,353,792.30	\$ 198,697.50	15%			
	Estimated Monthly Union Collections			\$ 2,898,126.45	\$ 606,855.15	\$ 4,134,706.39	\$ 1,843,435.09	64%			
	Estimated Annual Union Collections			\$ 34,777,517.39	\$ 7,282,261.75	\$ 49,616,476.71	\$ 22,121,221.07				

* Note: Providers working less than 20 hours are exempt from agency fees and assessments, per the PASC / SEIU agreement.

** Note: Available information does not differentiate between union members paying full dues and non-members paying maximum agency fees based on hours worked

Wage Increase Scenarios **Offsetting Effect of Union Proposal**

Additional Information

Providers Paying Agency Fees	92,127
Hours Worked by this Population	7,372,942
Avg Hours Worked	80.0

AVERAGE PROVIDER WORKING 80 HOURS, \$9.00 WAGE, PAYING CURRENT AGENCY FEES ONLY

Providers	Avg Hours	Wage	Monthly Income	Agency Fees	% of income	Net Income
1	80.0	\$ 9.00	\$ 720.00	\$ 16.80	2.3%	\$ 703.20

SCENARIO #1: \$0.25 WAGE INCREASE **WITH FULL UNION DUES AND ASSESSMENT**

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 9.25	\$ 740.00	\$ 35.16	4.8%	\$ 704.84	\$ 0.02 / hour	\$ 0.23 / hour
							\$ 1.60 / month	\$ 18.40 / month

SCENARIO #2: \$0.50 WAGE INCREASE **WITH FULL UNION DUES AND ASSESSMENT**

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 9.50	\$ 760.00	\$ 35.16	4.6%	\$ 724.84	\$ 0.27 / hour	\$ 0.23 / hour
							\$ 21.60 / month	\$ 18.40 / month

SCENARIO #3: \$0.75 WAGE INCREASE **WITH FULL UNION DUES AND ASSESSMENT**

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 9.75	\$ 780.00	\$ 35.16	4.5%	\$ 744.84	\$ 0.52 / hour	\$ 0.23 / hour
							\$ 41.60 / month	\$ 18.40 / month

SCENARIO #4: \$1.00 WAGE INCREASE **WITH FULL UNION DUES AND ASSESSMENT**

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 10.00	\$ 800.00	\$ 35.16	4.4%	\$ 764.84	\$ 0.77 / hour	\$ 0.23 / hour
							\$ 61.60 / month	\$ 18.40 / month

SCENARIO #5: \$2.50 WAGE INCREASE **WITH FULL UNION DUES AND ASSESSMENT**

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 11.50	\$ 920.00	\$ 35.16	3.8%	\$ 884.84	\$ 2.27 / hour	\$ 0.23 / hour
							\$ 181.60 / month	\$ 18.40 / month

CONCLUSION: THE UNION'S PROPOSAL WILL COST THE AVERAGE PROVIDER WORKING 80 HOURS PER MONTH, AN ADDITIONAL \$0.23 PER HOUR, ABOVE THE CURRENT \$0.21 PER HOUR.

Additional Hours or Wage Increase Needed to Completely Offset the Proposed Union Increase

Hours Worked	Providers	Avg Hours	Wage	Monthly Income	Curent \$0.21 Agency Fees	% of income	Full Dues and Assessment	% of income	Additional Hours Needed to Breakeven	OR	Wage Increase Needed to Breakeven
0 to 10	1	5.0	\$ 9.00	\$ 45.00	\$ -	-%	\$ -	-%	--		--
10.1 to 20	1	15.0	\$ 9.00	\$ 135.00	\$ -	-%	\$ -	-%	--		--
20.1 to 30	1	25.0	\$ 9.00	\$ 225.00	\$ 5.25	2.3%	\$ 35.16	15.6%	3.3		\$1.20
30.1 to 40	1	35.0	\$ 9.00	\$ 315.00	\$ 7.35	2.3%	\$ 35.16	11.2%	3.1		\$0.79
40.1 to 50	1	45.0	\$ 9.00	\$ 405.00	\$ 9.45	2.3%	\$ 35.16	8.7%	2.9		\$0.57
50.1 to 60	1	55.0	\$ 9.00	\$ 495.00	\$ 11.55	2.3%	\$ 35.16	7.1%	2.6		\$0.43
60.1 to 70	1	65.0	\$ 9.00	\$ 585.00	\$ 13.65	2.3%	\$ 35.16	6.0%	2.4		\$0.33
70.1 to 80	1	75.0	\$ 9.00	\$ 675.00	\$ 15.75	2.3%	\$ 35.16	5.2%	2.2		\$0.26
80.1 to 90	1	85.0	\$ 9.00	\$ 765.00	\$ 17.85	2.3%	\$ 35.16	4.6%	1.9		\$0.20
90.1 to 100	1	95.0	\$ 9.00	\$ 855.00	\$ 19.95	2.3%	\$ 35.16	4.1%	1.7		\$0.16
100.1 to 110	1	105.0	\$ 9.00	\$ 945.00	\$ 22.05	2.3%	\$ 35.16	3.7%	1.5		\$0.12
110.1 to 120	1	115.0	\$ 9.00	\$ 1,035.00	\$ 24.15	2.3%	\$ 35.16	3.4%	1.2		\$0.10
120.1 to 130	1	125.0	\$ 9.00	\$ 1,125.00	\$ 26.25	2.3%	\$ 35.16	3.1%	1.0		\$0.07
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Effect of the Union proposal on wage increases

\$0.25 wage increase with Union proposal of full dues and assessment:

Providers working 20 - 80 hours, 49.6% of agency fee payers, would take home less than they currently do.

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\$1.00 wage increase with Union proposal of full dues and assessment:

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County of Los Angeles CHIEF EXECUTIVE OFFICE

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<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

July 15, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina, First District
Supervisor Zev Yaroslavsky, Third District
Supervisor Don Knabe, Fourth District
Supervisor Michael D. Antonovich, Fifth District

From: William T. Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. Fujioka", is written over the printed name and title.

REPORT ON UNION DUES AND AGENCY FEES – SEIU LOCAL 6434 AND PERSONAL ASSISTANCE SERVICES COUNCIL OF LOS ANGELES COUNTY (LA HOME HEALTH CARE PROVIDERS)

At the Board of Supervisor's meeting on June 17, 2008, your Board requested that the Chief Executive Officer (CEO) provide a report, working in collaboration with the Personal Assistance Services Counsel (PASC) the employer of record for In-Home Supportive Services (IHSS) providers, on additional information regarding SEIU Local 6434's (Union) bargaining proposal to charge full dues and an assessment to all IHSS providers.

Union members pay \$30.66 in Union dues per month, plus a Union assessment of \$4.50 per month. The agreement between PASC–SEIU expressly provides that IHSS providers, who are non-members of the Union, shall pay an agency fee of \$0.21 per hour worked (until enough hours are worked to pay an amount equivalent to full dues) and are not subject to assessments. However, the Union has proposed that all providers pay the full amount of \$30.66, unless a provider works 20 hours or less. Based on the current agency fee arrangement, a non-member must work 146 hours before they pay this full fee amount. In addition, the Union proposes the assessment of \$4.50 to all providers, for a total of \$35.16 in Union charges per month. The current agreement between the PASC–SEIU states that agency fee payers are not subject to any initiation fees or assessments.

"To Enrich Lives Through Effective And Caring Service"

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Each Supervisor
July 15, 2008
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Based on your Board's request, CEO staff worked with the PASC to estimate the impact of the Union's proposal. It must be noted, that much of this data was extrapolated from the State's Case Management Information and Payrolling System (CMIPS). The Union does not share the detail of their deductions from each provider. However, CMIPS provides enough information for my staff to develop this reasonable estimate.

The analysis revealed that approximately 32 percent of the 136,000 IHSS providers pay full dues, either because they are Union members, or because they work in excess of 146 hours per month. Approximately 67 percent of providers pay less than full dues at the agency fee rate of \$0.21 per hour worked, and one percent of providers work less than 20 hours per month, and therefore, do not pay any fees. The Union currently collects approximately \$1.5 million per month in agency fees and \$1.4 million per month in Union dues. Under the Union's proposal, the amount collected from those currently paying agency fees and working part-time assignments, would more than double, increasing by \$1.6 million, to over \$3.1 million.

The analysis also revealed that the providers paying agency fees work an average of 80 hours per month. The Union's proposal would result in an additional \$0.23 per hour cost for the average provider. Therefore, if the providers received a \$0.25 per hour increase, the average worker would take home \$0.02 per hour.

Finally, the analysis provides the number of additional hours a provider would have to work, or the amount of a wage increase a provider would need, to fully offset the Union's proposal. For example, a provider working 20 to 30 hours per month would need to work 3.3 additional hours, or receive a wage increase of \$1.20 per hour, to offset the Union's proposal. A provider working 100 to 110 hours per month would need to work 1.5 additional hours, or receive a wage increase of \$0.12 per hour, to offset the proposal, etc. Attached for your Board's review are charts displaying a variety of scenarios and information regarding the impact of the Union's proposal.

On a similar note, we were recently contacted on Thursday, July 10, 2008, by PASC regarding bargaining issues with SEIU Local 6434. We met with the Executive Director of PASC, and their private counsel, on Friday, July 11, 2008. The Executive Director of PASC and counsel reported that although the parties continue to bargain, the Union has imposed a \$4.50 assessment on providers. PASC and the Department of Public Social Services have received complaints from providers that their dues deductions in some cases have doubled. This supports PASC's belief that SEIU Local 6434 may have recently increased agency fee deductions, or imposed other assessments on employees in the bargaining unit. We will have more definitive information on this matter at the end of July when payroll records are reviewed.

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As stated above, the MOU contains a low-wage earner "cents per hour protection provision", which provides for a reduced agency fee due structure for low wage earnings and providers who work a minimum number of hours. Apparently, this provision may have been unilaterally negated, and an across-the-board agency fee of \$35.16 per month (includes unilaterally imposed \$4.50 assessment) may have been assessed on all providers. The Union transmits payroll deductions directly to the State Controller's Office, which inputs the deductions for each provider, without review. Neither PASC nor the County has a role in this process.

In addition, PASC's private counsel and their Executive Director reported that SEIU 6434 has attempted to use Government Code Section 3502 (a) and (b) to request an election for a new agency shop provision with increased dues for all bargaining unit members. PASC counsel reported that an Attorney General opinion was provided to SEIU Local 6434 which shows that this provision is not applicable because the PASC and SEIU Local 6434's bargaining contract already contains an expressed agency shop provision. This provision states that it will remain in force and effect until the parties reach agreement on an amended agency fee clause. Several technical and legal arguments have been raised by PASC and representatives of SEIU Local 6434 regarding this situation. We will continue to work with PASC and provide your Board with additional information regarding this issue as necessary.

If you have any questions or concerns, please feel free to contact me, or your staff may call Jim Adams at (213) 974-2404, or James Blunt at (213) 893-1291 of my staff.

WTF:SRH:MS
GP:JB:cvb

Attachment

c: County Counsel
Department of Public Social Services
Personal Assistance Services Council

**IN-HOME SUPPORTIVE SERVICES
ADDITIONAL REVENUE TO UNION**

**Analysis of Current \$0.21 per hour Agency Fees vs. Union Proposal to Eliminate 'Cents per Hour' Limits, and to add Union Assessment
Data extrapolated from the State Case Management Information and Payrolling System (CMIPS)**

Information

Union Dues	\$30.66 per month	Total Providers (as of February 2008)	136,282
Agency Fee Rate (for non-union members)	\$0.21 per hour, up to \$30.66 per month	Providers Paying Full Dues (est 02/08)	44,155
Hours worked to pay full dues (based on Agency Fee Rate)	146 hours per month	Providers Paying Agency Fees (est 02/08) (w/ under 146 hours)	92,127

Union Assessment - column (e) below \$4.50 per month

(the Union began imposing this assessment on all Providers in September 2007. The PASC is challenging the Union's authority to levy this assessment, based on the PASC / SEIU agreement. The union collects approximately \$408,000 per month from non-member agency fee providers and \$199,000 from providers paying full dues, as reflected below.)

Est: Non-Members Paying Agency Fees	(a)	(b)	(c)	(d)	(e)		(f)	(g)	(h)
	Monthly Hours Worked	Providers Paying Less than Full Agency Fees	Estimated Hours	Agency Fees and Union Dues*	Union Increases		Full Dues all Providers	Total Increases	% Increase
					\$4.50 Union Assessment				
				(c) * \$0.21	(b) * \$4.50	(b) * \$30.66	(e)+(f)-(d)	(g) / (d)	
	0 to 10	240	1,202	\$ -		\$ -	\$ -	-%	
	10.1 to 20	1,185	17,768	\$ -		\$ -	\$ -	-%	
	20.1 to 30	3,043	76,067	\$ 15,974.15	\$ 13,692.13	\$ 93,289.03	\$ 91,007.01	570%	
	30.1 to 40	5,398	188,914	\$ 39,671.99	\$ 24,288.97	\$ 165,488.86	\$ 150,105.84	378%	
	40.1 to 50	7,329	329,813	\$ 69,260.76	\$ 32,981.31	\$ 224,712.68	\$ 188,433.23	272%	
	50.1 to 60	9,119	501,540	\$ 105,323.33	\$ 41,035.06	\$ 279,585.57	\$ 215,297.30	204%	
	60.1 to 70	10,505	682,853	\$ 143,399.22	\$ 47,274.47	\$ 322,096.70	\$ 225,971.95	158%	
	70.1 to 80	10,286	771,442	\$ 162,002.86	\$ 46,286.53	\$ 315,365.56	\$ 199,649.23	123%	
	80.1 to 90	10,595	900,554	\$ 189,116.40	\$ 47,676.40	\$ 324,835.23	\$ 183,395.23	97%	
	90.1 to 100	9,174	871,530	\$ 183,021.24	\$ 41,282.99	\$ 281,274.75	\$ 139,536.50	76%	
	100.1 to 110	7,463	783,588	\$ 164,553.46	\$ 33,582.34	\$ 228,807.67	\$ 97,836.55	59%	
	110.1 to 120	6,258	719,691	\$ 151,135.18	\$ 28,161.83	\$ 191,875.96	\$ 68,902.62	46%	
	120.1 to 130	5,074	634,208	\$ 133,183.65	\$ 22,831.48	\$ 155,558.50	\$ 45,206.34	34%	
	130.1 to 140	4,274	576,985	\$ 121,166.88	\$ 19,232.84	\$ 131,039.74	\$ 29,105.70	24%	
	140.1 to 146	2,185	316,786	\$ 66,525.04	\$ 9,831.29	\$ 66,983.83	\$ 10,290.08	15%	
		92,127	7,372,942	\$ 1,544,334.15	\$ 408,157.65	\$ 2,780,914.09	\$ 1,644,737.59	107%	
	Full Dues / Fees **	44,155	n/a	\$ 1,353,792.30	\$ 198,697.50	\$ 1,353,792.30	\$ 198,697.50	15%	
	Estimated Monthly Union Collections			\$ 2,898,126.45	\$ 606,855.15	\$ 4,134,706.39	\$ 1,843,435.09	64%	
	Estimated Annual Union Collections			\$ 34,777,517.39	\$ 7,282,261.75	\$ 49,616,476.71	\$ 22,121,221.07		

* Note: Providers working less than 20 hours are exempt from agency fees and assessments, per the PASC / SEIU agreement.

** Note: Available information does not differentiate between union members paying full dues and non-members paying maximum agency fees based on hours worked

Wage Increase Scenarios Offsetting Effect of Union Proposal

Additional Information

Providers Paying Agency Fees	92,127
Hours Worked by this Population	7,372,942
Avg Hours Worked	80.0

AVERAGE PROVIDER WORKING 80 HOURS, \$9.00 WAGE, PAYING CURRENT AGENCY FEES ONLY

Providers	Avg Hours	Wage	Monthly Income	Agency Fees	% of income	Net Income
1	80.0	\$ 9.00	\$ 720.00	\$ 16.80	2.3%	\$ 703.20

SCENARIO #1: \$0.25 WAGE INCREASE WITH FULL UNION DUES AND ASSESSMENT

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 9.25	\$ 740.00	\$ 35.16	4.8%	\$ 704.84	\$ 0.02 / hour	\$ 0.23 / hour
							\$ 1.60 / month	\$ 18.40 / month

SCENARIO #2: \$0.50 WAGE INCREASE WITH FULL UNION DUES AND ASSESSMENT

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 9.50	\$ 760.00	\$ 35.16	4.6%	\$ 724.84	\$ 0.27 / hour	\$ 0.23 / hour
							\$ 21.60 / month	\$ 18.40 / month

SCENARIO #3: \$0.75 WAGE INCREASE WITH FULL UNION DUES AND ASSESSMENT

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 9.75	\$ 780.00	\$ 35.16	4.5%	\$ 744.84	\$ 0.52 / hour	\$ 0.23 / hour
							\$ 41.60 / month	\$ 18.40 / month

SCENARIO #4: \$1.00 WAGE INCREASE WITH FULL UNION DUES AND ASSESSMENT

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 10.00	\$ 800.00	\$ 35.16	4.4%	\$ 764.84	\$ 0.77 / hour	\$ 0.23 / hour
							\$ 61.60 / month	\$ 18.40 / month

SCENARIO #5: \$2.50 WAGE INCREASE WITH FULL UNION DUES AND ASSESSMENT

Agency Fee Providers	Avg Hours	Wage	Monthly Income	Full Dues and Assessment	% of income	Net Income	Increase to Provider	Increase to Union
1	80.0	\$ 11.50	\$ 920.00	\$ 35.16	3.8%	\$ 884.84	\$ 2.27 / hour	\$ 0.23 / hour
							\$ 181.60 / month	\$ 18.40 / month

CONCLUSION: THE UNION'S PROPOSAL WILL COST THE AVERAGE PROVIDER WORKING 80 HOURS PER MONTH, AN ADDITIONAL \$0.23 PER HOUR, ABOVE THE CURRENT \$0.21 PER HOUR.

Additional Hours or Wage Increase Needed to Completely Offset the Proposed Union Increase

Hours Worked	Providers	Avg Hours	Wage	Monthly Income	Curent \$0.21 Agency Fees	% of income	Full Dues and Assessment	% of income	Additional Hours Needed to Breakeven	OR	Wage Increase Needed to Breakeven
0 to 10	1	5.0	\$ 9.00	\$ 45.00	\$ -	-%	\$ -	-%	--		--
10.1 to 20	1	15.0	\$ 9.00	\$ 135.00	\$ -	-%	\$ -	-%	--		--
20.1 to 30	1	25.0	\$ 9.00	\$ 225.00	\$ 5.25	2.3%	\$ 35.16	15.6%	3.3		\$1.20
30.1 to 40	1	35.0	\$ 9.00	\$ 315.00	\$ 7.35	2.3%	\$ 35.16	11.2%	3.1		\$0.79
40.1 to 50	1	45.0	\$ 9.00	\$ 405.00	\$ 9.45	2.3%	\$ 35.16	8.7%	2.9		\$0.57
50.1 to 60	1	55.0	\$ 9.00	\$ 495.00	\$ 11.55	2.3%	\$ 35.16	7.1%	2.6		\$0.43
60.1 to 70	1	65.0	\$ 9.00	\$ 585.00	\$ 13.65	2.3%	\$ 35.16	6.0%	2.4		\$0.33
70.1 to 80	1	75.0	\$ 9.00	\$ 675.00	\$ 15.75	2.3%	\$ 35.16	5.2%	2.2		\$0.26
80.1 to 90	1	85.0	\$ 9.00	\$ 765.00	\$ 17.85	2.3%	\$ 35.16	4.6%	1.9		\$0.20
90.1 to 100	1	95.0	\$ 9.00	\$ 855.00	\$ 19.95	2.3%	\$ 35.16	4.1%	1.7		\$0.16
100.1 to 110	1	105.0	\$ 9.00	\$ 945.00	\$ 22.05	2.3%	\$ 35.16	3.7%	1.5		\$0.12
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